

Department of Education and Early Development
State of Alaska
Single Audit – Compliance Supplement

Program #	Program Name	Last Revised
1	Boarding Home Program	5/00
2	Cigarette Tax Distribution	Deleted 5/99
3	Community Education	5/00
4	Debt Retirement Program	5/01
5	Grants to Named Recipients	5/01
6	Capital Improvement Projects for School Districts (Includes Asbestos Removal – Program 15)	5/01
7	Public School Funding Program	5/01
8	Pupil Transportation	5/02
9	Tuition Students	5/00
10	Alaska State Council on the Arts	5/02
11	Alaska School for Deaf and Hard of Hearing Students	5/00
12	Providence Heights School	5/01
13	Rural Student Vocational Program (RSVP)	Deleted 5/98
14	High School Completion (Teen Parent Pilot Program)	5/00
15	Asbestos Removal Program	See Program 6
16	At Risk Talent Bank	Deleted 5/98
17	Geographic Alliance Awards	Deleted 5/98
18	Healthy Life Skills	Deleted 5/97
19	Independent Living Rehabilitation – Statewide Centers- Transferred to the Department of Labor and Workforce Development 7/1/99- See Program #1	See DOLWD #1
20	Interlibrary Cooperation Grant	5/00
21	Interpreter Referrals – Transferred to the Department of Labor and Workforce Development 7/1/99	See DOLWD #6
22	Low Incidence Disabilities (Special Education Service Agency SESA)	5/00
23	Public Library Assistance	5/02
24	School Improvement	Deleted 5/97
25	Adult Basic Education Program- Transferred to the Department of Labor and Workforce Development 7/1/99- See Program #2	See DOLWD # 2
26	Alaska Youth Initiative	5/02
27	Youth in Detention Program	5/02
28	AmeriCorps Program	5/00
29	Child Care Assistance Programs	5/02

30	Child Care Grant Program	5/02
31	Child Care Resource & Referral (R & R)	5/02
32	Child Care resource Development	5/02
33	State Head Start Program	5/02

Boarding Home Program

Department of Education & Early Development – Program 1

I. PROGRAM OBJECTIVES

The objective of this program is to provide a basic boarding home program for secondary school age students who reside in an area where they do not have daily access to an appropriate education program within a reasonable distance.

II. PROGRAM PROCEDURES

The Department may grant money to school districts to defray the costs of Boarding Home Programs. These costs include transportation, room and board, and an amount for out-of-school supervision.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended for the administration and operation of the school district's Boarding Home Program within the limitation of district guidelines and those in 4 AAC 09.050.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

All secondary students residing in the State of Alaska who do not have daily access to an appropriate education program by being transported a reasonable distance are eligible for this service.

Suggested Audit Procedure

- Review and evaluate policies and procedures for ensuring eligibility compliance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Boarding Home Program Report Forms DOE EFSS/92-05-013 and 05-606-63b must be submitted to the Department of Education & Early Development by the school district for initial approval. Quarterly reports are required thereafter.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There are no special compliance requirements.

Suggested Audit Procedure

- There are no special suggested audit procedures.

Modified 5/00

Community Education

Department of Education & Early Development – Program 3

I. PROGRAM OBJECTIVES

The purpose of this program is to provide educational and recreational opportunities to all people in a given community, regardless of age.

II. PROGRAM PROCEDURES

The Department allocates funds to eligible school districts based on AS 14.36.030

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

Funds must be used for planning, training, and operating expenditures of a community school's program in the community served by the school district. Expenditures must be in accordance with the grant.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under statutes, regulations, and applicable agreements.

B. ELIGIBILITY

Compliance Requirement

All public school districts in the state of Alaska are eligible for this program.

Suggested Audit Procedure

- There are no special suggested audit procedures.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Normally, there is no matching level of effort required. Depending upon fund availability, however, districts and the State may provide additional support for this program if deemed appropriate. Additional support is subject to matching requirements and limitation described in AS 14.36.030(b) and (c)

Suggested Audit Procedures

- For additional support as per AS 14.36.030(b):
 1. Review financial and related records to ensure that the school district complied with matching requirements and limitations described in AS 14.36.030(b) and (c);
 2. Review financial and related records to ensure that in-kind support was limited to support for purposes which benefit only the community school program; and
 3. Review budget documents to ensure that cash and in-kind support of the community school program is itemized in the community education section of the budget.

D. REPORTING REQUIREMENTS

Compliance Requirement

An annual statistical report is due by July 30, as per 4 AAC 32.020(g).

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy; and
- Trace data to the supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The maximum amount that may be spent for indirect program charges is the Department of Education and Early Development's annually approved indirect cost rate for the school district multiplied by the total amount of the grant.

Suggested Audit Procedures

- Review financial and related records to ensure that indirect charges were within the limits described in 4 AAC 32.025; and
- Review and evaluate policies and procedures for ensuring compliance with limitations on charging indirect costs.

Modified 5/00

Debt Reimbursement Program

Department of Education & Early Development – Program 4

I. PROGRAM OBJECTIVES

AS 14.11.100 authorizes payments for reimbursement of principal and interest on bonds and other outstanding indebtedness for the construction of education facilities. Payments are based on annual appropriations from the Legislature and are made to a municipality that is a school district.

II. PROGRAM PROCEDURES

Based on the annual appropriation for debt service, the Department determines the level of funding available for reimbursement to school districts for their payments of outstanding bonds or cash payments from local revenue for approved projects. If sufficient funds are not available to meet the entitlement, the Department will distribute these funds on a pro rata basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

Projects authorized to utilize an allocation provided under AS.14.11.100 (a)(7) 100 and 4 AAC 31 must meet the requirements of the portions of AS.14.11.100 (j) included in AS 14.11.100(a) to be in compliance. Other projects must have been approved by the Department prior to the bond election held by the municipality, or prior to the local revenue expenditures unless otherwise exempted. All approved projects must be constructed in accordance with the procedures outlined in AS 14.11.100 and 4 AAC 31.023.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Revenue from bond sales approved by the Department of Education and Early Development may only be used for the construction or rehabilitation of education facilities as approved by the Department of Education and Early Development, or to reduce indebtedness incurred for that purpose. Cash expenditures on projects approved by the Department may only be reimbursed if the source of funding is locally generated revenue. Grant fund expenditures may not be reimbursed under AS 14.11.100. When revenue from bond sales is used to reduce indebtedness incurred under this program, that amount is not eligible for reimbursement. Debt incurred for the purpose of meeting the participating share requirements as per AS 14.11.008 is not eligible for reimbursement.

Suggested Audit Procedures

- Determine whether systems and procedures are in place to ensure that revenue from applicable bond sales was used only for the construction or rehabilitation of education facilities as approved by the Department, or to reduce related debt;
- If bond sale revenue was used to reduce related debt, analyze expenditures and sources of funding to ensure that Department funds were not used to reimburse that portion;
- Review and evaluate policies and procedures for ensuring compliance with this limitation;
- Determine the source of funding used for the approved capital projects;
- Analyze expenditures and sources of funding to ensure that Department funds were used only to reimburse locally generated funds as per AS 14.11.100; and
- Review to evaluate policies and procedures for ensuring compliance with this limitation.

Compliance Requirement

Capital project funds generated through local bonds reimbursed under AS 14.11 can be expended only for the purpose stipulated in the enabling legislation and as specified in the project agreement.

Suggested Audit Procedure

- Test project expenditures to determine whether they are necessary and reasonable for the performance and administration of the project, and are authorized or not prohibited under the project agreement and other applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

All city and borough school districts within the State of Alaska are eligible for this program although allocations under AS 14.11.100 may target specific districts based on student populations.

Suggested Audit Procedure

- Test project approvals and authorizations made by the department against allocation categories and amounts.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Under current provisions of AS 14.11.100, local municipalities must pay a percentage of the cost of outstanding bonds or cash payments from local revenue for school construction under this program.

Suggested Audit Procedures

- Test financial and related records to ensure that the approved percentage is being paid from locally generated revenue; and
- Review and evaluate policies and procedures for ensuring compliance with this provision.

D. REPORTING REQUIREMENTS

Compliance Requirement

Under 4 AAC 31.060, for all projects in an active status, a School Construction Project Report form must be completed and submitted to the Department by October 15 each year. The final report for the project requires verification by an independent auditor for projects with costs exceeding \$300,000.

The results of operations of capital projects that extend over two or more fiscal years must be presented on a dual basis. In accordance with the codification of Governmental Accounting and Financial Reporting Standards 1300.113-. 114, the statement of revenues, expenditures, and changes in fund balance must be presented for both the current year and on a cumulative basis since inception of the project.

Suggested Audit Procedures

- Review procedures for preparing report and evaluate adequacy;
- Trace data to the supporting documentation;
- Evaluate adjustments for propriety;
- Perform any additional steps necessary to verify the final report as required; and
- Verify that project expenditures are presented both for the current year and on a cumulative, inception to date, basis. Cumulative expenditures may be presented in a schedule to support the financial statements or in a special purpose report.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

This program reimburses construction costs that are financed by bond indebtedness. Under AS 14.11.100(i), reimbursements will be made only after bonds are sold and debt incurred, and for cash payments to vendors, only after those amounts are paid to the vendor. Additionally, reimbursements will not be made for contract costs paid after a contract has been released.

Suggested Audit Procedure

- Compare bond sale, vendor payment, and contract dates to related reimbursements to determine compliance with AS 14.11.100 (i).

Compliance Requirement

The plan for the use of the facility is approved by the Department prior to construction. The approved facility must meet the criteria in 4 AAC 31.061-.062.

Suggested Audit Procedures

- By observation and/or discussion, determine that the facility is being used in a manner consistent with Department approval and 4 AAC 31.061-.062.
- Test transactions to determine whether costs are prohibited.

Compliance Requirement

According to 4 AAC 31.080, construction under this program must be performed under a written contract awarded on the basis of competitive sealed bids not to exclude design/build or limited force-account construction. The award will be made to the lowest responsible bidder with no preference to local bidders.

Suggested Audit Procedure

- Review procurement documents to determine compliance with the provisions of 4 AAC 31.080.

Compliance Requirement

The use of interest earned on bond proceeds is restricted by 4 AAC 31.063.

Suggested Audit Procedures

- Determine whether systems and procedures are in place for the identification and assignment of program income to assure appropriate use in accordance with 4 AAC 31.063; and
- Test selected items to determine whether program income was properly accounted for and utilized.

Modified 5/01

Grants to Named Recipients

Department of Education & Early Development – Program 5

I. PROGRAM OBJECTIVES

Authorized under AS 37.05.316, these grants are made at the discretion of the Legislature. The grants are designated by the Legislature to be provided for a specific project or activity.

II. PROGRAM PROCEDURES

Following enactment of the authorizing legislation, the department shall promptly notify the recipient of the grant. The recipient is responsible for submitting a proposal to provide the object of the grant. The grant agreement must be executed within 60 days of the authorizing legislation unless the department determines not to make the award.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

If the grant is for a public works project the recipient must comply with AS 36.10.150 – 36.10.175 for hiring preferences. Beyond this, there are no specific regulations governing the administration of these grants. Compliance requirements and suggested audit procedures therefore must be based upon specific provisions of the grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant Funds can be expended for the purpose in the authorizing legislation and as specified in the grant agreement.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the project, and are authorized or not prohibited under the grant agreement and applicable statutes or agreements.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Any matching, level of effort and/or earmarking requirements will be identified and established in the either the grant agreement or legislation.

Suggested Audit Procedures

- Review the grant agreement and legislation, identify any matching, level of effort, and/or earmarking requirements; and
- Verify that the requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The results of operations of capital projects that extend over two or more fiscal years must be presented on a dual basis. In accordance with the codification of Governmental Accounting and Financial Reporting Standards 1300.113-.114, the statement of revenues, expenditures, and changes in fund balance must be presented for both the current year and on a cumulative basis since inception of the project.

Suggested Audit Procedure

- Verify that project expenditures are presented both for the current year and on a cumulative, inception to date, basis. Cumulative expenditures may be presented in a schedule to support the financial statements or in a special purpose report.

Compliance Requirement

The grant agreement will specify the reporting requirements.

Suggested Audit Procedures

- Review procedures for preparing required reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The grant agreement often contains specific provisions to which the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any special provisions or requirements; and
- Verify that the requirements were met.

Modified 5/01

**Capital Improvement Projects for School Districts
(Includes Asbestos Removal Program - Program 15)
Department of Education & Early Development – Program 6**

I. PROGRAM OBJECTIVES

Authorized under AS 14.11.020 and AS 14.07.020(13), funds are appropriated to the Department of Education & Early Development for construction and rehabilitation of educational facilities in school districts throughout the State.

II. PROGRAM PROCEDURES

Following enactment of the enabling legislation, the Department executes a grant agreement with the School District or other entity to construct the project in accordance with the language of the legislation.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES
Compliance requirements are contained in the grant agreement and in 4 AAC 31.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant Funds can be expended only for the purpose stipulated in the enabling legislation and as specified in the grant agreement.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under the grant agreement and other applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

All public school districts in the state are eligible for this program.

Suggested Audit Procedure

- None.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Participating share requirements for grants beginning after FY 93 are specified in AS 14.11.008.

Suggested Audit Procedures

- Review the legislation to identify the participating share requirements; and
- Verify that the requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The results of operations of capital projects that extend over two or more fiscal years must be presented on a dual basis. In accordance with the codification of Governmental Accounting and Financial Reporting Standards 1300.113-.114, the statement of revenues, expenditures, and changes in fund balance must be presented for both the current year and on a cumulative basis since inception of the project.

Suggested Audit Procedure

Verify that project expenditures are presented both for the current year and on a cumulative, inception to date, basis. Cumulative expenditures may be presented in a schedule to support the financial statements or in a special purpose report.

Compliance Requirement

The grant agreement specifies reporting requirements required by the grantee.

Suggested Audit Procedures

- Review procedures for preparing required reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The grant agreement may contain specific provisions to which the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any special provisions or requirements; and
- Verify that the requirements were met.

Compliance Requirement

Construction management costs are limited as per AS 14.11.020(c).

Suggested Audit Procedures

- Review financial and related records to ensure that construction management costs have not exceeded statutory limits; and
- Review to evaluate policies and procedures for ensuring compliance.

Compliance Requirement

Expenditures for equipment must be accounted for in the manner specified by AS14.11.017(a)(3).

Suggested Audit Procedures

- Review financial and related records to determine
 1. whether equipment purchases exceed the amount in the approved budget; and
 2. whether the fixed asset inventory system was approved by the Department.

Modified 5/01

Public School Funding Program

Department of Education & Early Development – Program 7

I. PROGRAM OBJECTIVES

The objective of the Public School Funding Program is to provide State operating funds to school districts for the education of all school age children enrolled in public schools in Alaska.

II. PROGRAM PROCEDURES

The Department provides funds to public school districts in accordance with the procedures outlined in AS 14.17. These funds are distributed to school districts in scheduled payments throughout the fiscal year.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds can be expended for the administration and operation of the district's educational programs for elementary and secondary students. Funds must be expended, budgeted, and accounted for in accordance with requirements established in AS 14.17.520 and 4 AAC 06.120, and the policies and procedures established by the local school district.

Suggested Audit Procedures

- Test transactions to determine whether expenditures were spent for public education purposes; and
- Test transactions to determine whether expenditures are classified in accordance with the Alaska Department of Education Uniform Chart of Accounts and Account Code Descriptions for Public School Districts.

B. ELIGIBILITY

Compliance Requirement

Each public school district in Alaska is eligible to receive funds from the State in accordance with the requirements and procedures established by AS 14.17. The eligibility requirements and guidelines are available from the Alaska Department of Education & Early Development, Division of Education Support Services, School Finance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING
REQUIREMENTS

Compliance Requirement

State funds to city or borough school districts shall be reduced pursuant to AS 14.17.410.

Suggested Audit Procedure

- There are no special suggested audit procedures.

D. REPORTING REQUIREMENTS

Compliance Requirement

AS 14.17.500 requires each public school district to submit by November 5 an estimate of its average daily membership and other student count data for the succeeding fiscal year. In making this estimate, the district is to consider its average daily membership, other student count data, the pattern of growth or decline in preceding years, and other pertinent information available to the district.

Suggested Audit Procedures

- Review procedures for preparing the report to evaluate adequacy; and
- Review the report for completeness and timeliness of submission.

Compliance Requirement

As per AS 14.17.600, within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that report its average daily membership for that counting period, and any other student count information needed to determine state foundation aid.

Suggested Audit Procedures

- Review procedures for preparing the report to evaluate adequacy;
- Review the report for completeness and timeliness of submission; and
- Trace data back to source documents.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

AS 14.17.505 requires that a district retain no more than 10 percent of the school operation fund in an unreserved fund balance.

Suggested Audit Procedures

- Review all unreserved fund balance designations and determine the percentage total unreserved fund balance represents of that fiscal year's expenditures.
- Review all transfers to determine that they were reasonable and necessary.
- Eligible reserves are defined in 4 AAC 09-160.

Modified 5/01

Pupil Transportation

Department of Education & Early Development – Program 8

I. PROGRAM OBJECTIVES

Authorized under AS 14.09, these funds are provided for the purpose of pupil transportation throughout the State.

II. PROGRAM PROCEDURES

The Department provides funds to public school districts pursuant to AS 14.09 and 4 AAC 27.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended for the administration and operation of the district's pupil transportation programs within the limitations of the district's guidelines and those in 4 AAC 27.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance, administration of the program and authorized or not prohibited under 4 AAC 27 and district policy or transportation contract.

B. ELIGIBILITY

Compliance Requirement

Each school district in Alaska operating an approved pupil transportation program is eligible to receive funds in accordance with 4 AAC 27.

Suggested Audit Procedure

- There are no special suggested audit procedures.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Public school districts operating pupil transportation programs are required to submit monthly School Transportation Reports, Form SF 05-96-010, to the Department of Education & Early Development. Furthermore, at the end of

each fiscal year they are required to submit a Statement of Operations detailing the expenditures incurred for the operation of District operated Pupil Transportation Programs. Commercial contractors must also submit a Statement of Operations annually to the Department through the school district.

Suggested Audit Procedures

- Review procedures for preparing reports to evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

As per 4 AAC 27.055(b), certain documents shall be retained for at least three years following the close of the school year to which they relate.

Suggested Audit Procedures

- By observation and/or discussion, verify that required documents have been retained as required;
- Review a sampling of the following reports for the fiscal year being reviewed to verify existence of the documents:
 1. Bus Time and Mileage Schedules, Form 115-137-18, with addendum Route Maps for each bus route. **Schedules and Maps may be retained from year to year. A new schedule and map will be submitted for any route that undergoes changes.**
 2. Contractor documents if applicable, including certificates of insurance, School Bus Inspection Reports, Alaska Business License, and certification of Alaska School Bus Driver Permits
 3. Accident reports on Alaska Department of Public Safety forms
- Review and evaluate policies and procedures for obtaining and retaining documentation as required in 4 AAC 27.055(b).

Compliance Requirement

All contracts for pupil transportation must be based on the competitive proposal process specified in 4 AAC 27.085.

Suggested Audit Procedure

- Review procurement documents to determine compliance with the competitive process as defined in 4 AAC 27.085.

Modified 5/02

Tuition Students

Department of Education & Early Development – Program 9

I. PROGRAM OBJECTIVES

The objective of the Tuition Program is to provide funds to city/borough school districts for students that are in attendance but do not reside within the boundaries of the school district. This includes children who are wards of the court. For years prior to FY 94, the Tuition program also includes funds to municipal school districts that operate schools on military bases under contract with the Department of Education & Early Development.

II. PROGRAM PROCEDURES

The Department provides funds to school districts in accordance with 4 AAC 09.030 and agreements approved by the Department concerning tuition students.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended for the administration and operation of the district's educational program for secondary and elementary students.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under the grant agreement and other applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

Eligibility of students for this program is determined by 4 AAC 09.030.

Suggested Audit Procedure

- Review and evaluate policies and procedures for ensuring eligibility compliance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Annually, public school districts are required to submit the Tuition Rate Report, which is part of their annual audit. Student listings are due in November and June.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review reports for completeness; and
- Trace data to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There are no special compliance requirements.

Suggested Audit Procedure

There are no special suggested audit procedures.

Modified 5/00

Alaska State Council on the Arts
Department of Education & Early Development – Program 10

I. PROGRAM OBJECTIVES

Authorized under AS 44.27.040, the Council awards grants to Alaskan artists, nonprofit art groups, schools and other organizations to stimulate and encourage throughout the state the study and presentation of the performing, visual and fine arts and public interest and participation in the arts.

II. PROGRAM PROCEDURES

Following funding decisions by the Council, consisting of eleven volunteer members appointed by the governor, grants are awarded and a grant agreement stating the terms of the grant are mailed to grantees.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds can be expended only for the purposes specified in the grant agreement.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program and are authorized or not prohibited under applicable agreements.

B. ELIGIBILITY

Compliance Requirement

Eligibility requirements are outlined in [20 AAC 25.570 through] 20 ACC 30.010-30.985.

Suggested Audit Procedure

- There are no special suggested audit procedures.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Any matching, level of effort, and/or earmarking requirements will be identified and established in the grant agreement.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any matching, level of effort, and/or earmarking requirements; and
- Verify that requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The State Arts Council regulations, as identified in 20 AAC [25.570-]30.010-**30.985**, and the grant agreement detail the reporting requirements.

Suggested Audit Procedures

- Examine regulations and the grant agreement to determine reporting requirements; and
- Evaluate for completeness and timeliness of submission.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grant agreements contain specific provisions to which the grantee must adhere.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any special provisions or requirements; and
- Verify that requirements were met.

Modified 5/02

Alaska School for Deaf and Hard of Hearing Students Department of Education & Early Development – Program 11

I. PROGRAM OBJECTIVES

The objective of this program is to provide residential services as part of the educational program for deaf students in the State based upon the provisions of 4 AAC 33.070.

II. PROGRAM PROCEDURES

This program consists of two components. The instructional support component is provided by the Anchorage School District through a grant agreement with the Department. The Anchorage School District operates the Alaska School for the Deaf and Hard of Hearing Students.

The residential component is performed by the Department of Health and Social Services based on a Reimbursable Service Agreement with the Department. The Anchorage School District is the liaison for the residential program.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

The Anchorage School District operates their program under an agreement with the Department that requires an annual plan of service to be approved by the Department.

Suggested Audit Procedures

- Review the program to determine whether its operations are in accordance with the annual plan of service;
- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program; and
- Determine whether expenditures are authorized or not prohibited under the terms of the grant agreement and other applicable guidelines and regulations.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Reimbursement requests must be submitted at least quarterly on Form 165a and b. Final reimbursement requests must be received by September 30 following the end of the grant award period.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate for adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There are no special compliance requirements.

Suggested Audit Procedure

- There are no special suggested audit procedures.

Modified 5/00

Providence Heights School

Department of Education & Early Development – Program 12

I. PROGRAM OBJECTIVES

The objective of this funding is to help finance the educational program at the Alaska Psychiatric Institute as directed by 4 AAC 33.060.

II. PROGRAM PROCEDURES

This program funds expenditures of Providence Heights School that exceed the amount provided by other funding sources in a fiscal year. Providence Heights School is currently operated by the Anchorage School District.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

The Anchorage School District operates Providence Heights School under an agreement with the Department.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program and are authorized or not prohibited under applicable regulations and agreements.

B. ELIGIBILITY

Compliance Requirement

Eligibility will be determined in accordance with the requirements as laid out in the agreement between the school district and the department.

Suggested Audit Procedure

- Review the grant agreement for terms of eligibility.
- Review the current policies used by the school district for Providence Heights School.
- Evaluate procedures to ensure compliance with the grant.
- Test a selection of applicants to ensure they are being evaluated correctly.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Reimbursement requests must be submitted at least quarterly on Form 165a and b. Final reimbursement requests must be received by September 30 following the end of the grant award period.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There are no special compliance requirements.

Suggested Audit Procedure

- There are no special suggested audit procedures.

Modified 5/01

High School Completion (Teen Parent Pilot Program)

Department of Education & Early Development – Program 14

I. PROGRAM OBJECTIVES

The objective of the program is to establish pilot projects under which persons of school age who are either pregnant or are parents could attend an alternative education program designed to meet their needs for day care, transportation, and education related to parenting, job skills, health and fitness.

II. PROGRAM PROCEDURES

Awards are made to qualifying districts based upon their response to requests for proposals issued by the Department.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Allowable costs and services are described in the request for proposal. Funds may be used for reasonable costs, which do not supplant existing school district efforts. Funds may not be used to expand facilities or instructional programs.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under the request for proposal and applicable statutes.

B. ELIGIBILITY

Compliance Requirement

All persons of school age who are either pregnant or are parents must be accepted into the project, including eligible persons from other areas of the state who are temporarily residing in the district in order to be near its specialized health facilities.

Suggested Audit Procedure

- Review and evaluate policies and procedures for ensuring eligibility compliance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Quarterly and Final Performance Reports are required and must accompany the request for reimbursement for that period. Reimbursement requests must be submitted for processing at least quarterly using the DEED "Record and Report of Local Expenditures" form 165-05-176-17a and 165b.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The school district is required to submit information to assist the department in evaluating the extent to which a project meets the needs of its participants for day care, transportation, and education.

Suggested Audit Procedures

- Review procedures for preparing reports to evaluate adequacy;
- Trace data to the supporting documentation; and
- Review report for completeness.

Modified 5/00

Asbestos Removal Program

Department of Education & Early Development – Program 15

I. PROGRAM OBJECTIVES

The objective of this program is to provide funding for removal of asbestos from school district facilities.

See Capital Improvements for School Districts, Department of Education & Early Development [Program 6](#) for program procedures and compliance requirements.

Interlibrary Cooperation Grant

Department of Education & Early Development – Program 20

I. PROGRAM OBJECTIVES

The objective of this program is to fund libraries, which provide or develop services that have statewide significance and/or direct service impact on users.

II. PROGRAM PROCEDURES

The grants are competitive, based upon applications submitted by interested libraries. Two or more libraries can submit a joint proposal. Applications must be received by April 1 for grants that are awarded in the subsequent fiscal year.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended only for purposes detailed in the approved grant application.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable, and are authorized or not prohibited under applicable guidelines and regulations.

The major expenditure categories of Personnel, Collections, and Other Expenditures constitute the budget line items. The grantee need not comply with the detail of expenditures in subcategories.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Final report must be submitted by September 1 following the end of the grant period, on a form provided by the Division of Libraries.

Suggested Audit Procedures

- Review procedures for preparing report to evaluate adequacy and completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

An indirect or administrative fee may be charged if the grant has a statewide or regional emphasis, and does not primarily benefit the grantee. The indirect rate shall be the lesser of the rate used for similar charges by the grantee, or 8%.

Suggested Audit Procedures

- If administrative costs are charged, determine, through discussion with applicable personnel, if the services provided meet the eligibility requirements as noted above; and
- Review other grant records to determine if the rate applied is similar to that of other programs and does not exceed the 8% ceiling.

Compliance Requirement

Allowable expenditures are those which were spent during the grant year. Amounts encumbered by the end of the grant year are also allowable if spent by September 1 of the following grant year, except that expenditures for personnel and travel may not be encumbered.

Suggested Audit Procedure

- Test a sample of transactions to determine that funds were spent in the prescribed period.

Modified 5/00

**Low Incidence Disabilities
(Special Education Service Agency – SESA)
Department of Education & Early Development – Program 22**

I. PROGRAM OBJECTIVES

The objective of the program is to make more special education and related services available to exceptional children, as that term is defined in AS 14.30.350. Alaska Statute has designated the Special Education Service Agency (SESA), a public organization, to administer the program.

II. PROGRAM PROCEDURES

AS 14.30.610 assigns the administration of SESA to the Governor's Council on Disabilities and Special Education. The agency provides outreach services to school districts to serve students with low incidence disabilities. Under AS 14.30.650, SESA is allocated a set amount for each special education student in the State in average daily membership or the equivalent of 2% of funds appropriated by the State for special education for that fiscal year, whichever is greater.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds must be expended for the administration and operation of a program that provides special education services as detailed in AS 14.30.630(b)(1).

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

AS 14.30.640 describes the eligibility requirements for school districts and REAA's to receive SESA services.

Suggested Audit Procedure

- Review and evaluate policies and procedures for ensuring eligibility compliance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

AS 14.30.630(b)(3) require SESA to provide the Department with a two-year plan of operation including a description of the services to be offered by the agency, the method by which the services will be evaluated, information on the number of students and school district personnel to be served, and a schedule of funds available to the agency from all sources.

The grant agreement specifies other reporting requirements.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate for adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

AS 14.30.630(b)(1)(A) and (B) require SESA to provide itinerant outreach services to deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically handicapped, other health-impaired, severely emotionally disturbed, and multi-handicapped students. Additionally, the agency must provide special education instructional support and training of local school district special education personnel.

Suggested Audit Procedure

- Determine whether these services were provided through discussions with appropriate personnel or other means.

Compliance Requirement

AS 14.30.630(b)(2) require SESA to provide an annual audit.

Suggested Audit Procedure

- Determine whether the required audit was performed for the prior fiscal year and forwarded to the appropriate State agency.

Compliance Requirement

Carryover of funds between fiscal years is allowed, however, neither a negative fund balance nor an excessive fund balance is allowed. Funds must be maintained in SESA's accounting records in a manner that will allow the fund balance of the Low Incidence Disabilities program to be determined and reported in their annual independent audit report.

Suggested Audit Procedures

- Review the accounting records to determine whether the requirements for reporting the Low Incidence Disabilities program fund balance has been met; and
- Evaluate whether the fund balance appears excessive.

Modified 5/00

Public Library Assistance

Department of Education & Early Development – Program 23

I. PROGRAM OBJECTIVES

The objective of this program is to provide financial assistance for the operation of public libraries in the State of Alaska.

II. PROGRAM PROCEDURES

Libraries apply for the grant annually. All eligible libraries receive funding.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended only for the operation of the public library, and for purposes set out in the grant application. Costs related to a shared facility must be proportionally allocated.

Suggested Audit Procedures

- Test transactions to determine whether expenditures are necessary and reasonable, and are authorized or not prohibited under applicable guidelines and regulations. The major expenditure categories of Personnel, Collections, and Other Expenditures constitute the budget line items. The grantee need not comply with the detail of expenditures in subcategories; and
- Review procedures and basis for prorating costs for shared facilities to determine if charges to the grant are reasonable.

B. ELIGIBILITY

Compliance Requirement

Library must be open and staffed for a minimum of 10 hours a week for 48 weeks a year. Library must also be open at least two days per week, and include at least some evening [or] **and** weekend hours. For a public school library, this requirement is in addition to any regular school library hours. Services must be free to all residents in the library's service area.

Suggested Audit Procedure

- Review available records and discuss with appropriate personnel to determine if eligibility requirements were met during the grant period.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Local match dollars must be expended as per the grant agreement. In-kind contributions may be counted only for volunteer labor at a rate set annually by the State Library. No more than one volunteer hour per hour the library is open to the public may be counted.

Suggested Audit Procedure

- Test transactions to determine that local match dollars were expended in the amount detailed in the grant agreement, and to determine whether expenditures were necessary and reasonable and authorized or not prohibited under applicable guidelines, regulations, and agreements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Both an Annual and Final Report must be submitted by September 1 following the end of the grant period, on a form provided by the Division of Libraries.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy and completeness of submissions;
- Trace data to the supporting documentation; and
- Evaluate adjustments.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Indirect and administrative fees may not be charged to this grant.

Suggested Audit Procedure

- Review transactions to determine that administrative costs have not been charged to the grant.

Compliance Requirement

Allowable expenditures are those which were spent during the grant year. Amounts encumbered by the end of the grant year are also allowable if spent by September 1 of the following grant year, except that expenditures for personnel and travel may not be encumbered.

Suggested Audit Procedure

- Test a sample of transactions to determine that funds were spent in the prescribed period.

Compliance Requirement

[In FY 2001, the library must expend at least \$3000 on library materials (books, magazines, etc.). In FY 2002 and subsequent years, the] **The** library must expend at least \$3500 on library materials.

Suggested Audit Procedure

- Review reports and test a sample of transactions to determine that expenditures for the library materials were sufficient.

Compliance Requirement

If the library is a combined school/public library, the library must be readily accessible to patrons other than enrolled students. The library must also allocate space to accommodate materials for children, young adults, and adults in appropriate proportions.

Suggested Audit Procedure

- Through observation and discussion with appropriate personnel, determine that the requirements for a combined school/public library have been met.

Modified 5/02

Alaska Youth Initiative

Department of Education & Early Development – Program 26

I. PROGRAM OBJECTIVES

The objective of the program is to prevent restrictive and costly “out of state” and “out of community” placements of severely emotionally disturbed children and youth. A second objective is to promote healthy growth and development, improve the level of functioning (life domains), and advance the quality of life for Alaskan youth and their families served by the Alaska Youth Initiative.

II. PROGRAM PROCEDURES

The Department of Education & Early Development executes a Memorandum of Agreement with the Department of Health and Social Services.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds must be expended in accordance with the terms of the RFP and grant documents.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under the RSA and other applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

[All school districts are eligible to compete for the funds.] **Students from all schools are eligible to benefit from these funds.**

Suggested Audit Procedure

- There are no special suggested audit procedures.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Interagency billings must be submitted within 30 days following the end of each quarter. A final financial statement of expenditures and progress report must be provided no later than 90 days after the end of the grant period.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There are no special compliance requirements.

Suggested Audit Procedure

- There are no special suggested audit procedures.

Modified 5/02

Youth in Detention Program

Department of Education & Early Development – Program 27

I. PROGRAM OBJECTIVES

The objective of this program is to provide state operating funds for the education (including extended year services, summer school) for all school aged youth at the Alaska detention facilities: McLaughlin School, Fairbanks Youth Facility, Bethel Youth Facility, Johnson Youth Center, Nome Youth Center, Mat-Su Youth Facility, **Ketchikan Youth Facility**, and Spring Creek Correctional Center.

II. PROGRAM PROCEDURES

Per AS 14.07.020(a)(5), the Department provides year-round funds to Public School Districts with detention facilities (Anchorage, Fairbanks, Lower Kuskokwim, Nome, Mat-Su, Kenai, Ketchikan, and Juneau) for the education of children. These funds are distributed to school districts in the form of a grant after the Department determines that the district has not received adequate funding through the regular foundation program to provide educational services to youth during their detention period. The amount of the grant is calculated based on the budget submitted by the district less the foundation formula received for detention students.

III. COMPLIANCE REQUIREMENT AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds may be expended for the administration and operation of the district's educational program for secondary and elementary students.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under applicable statutes or agreements.

B. ELIGIBILITY

Compliance Requirement

All school age students who have been confined in a detention center are eligible for this program.

Suggested Audit Procedure

- Evaluate policies used for determining eligibility. Review procedures to assure adherence to policy.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Reimbursement requests must be submitted for processing at least quarterly using the DEED “Record and Report of Local Expenditures” Form No. 165-05-176-17a and 175b. Reimbursements will be made for actual expenditures only.

Suggested Audit Procedures

- Review procedures for preparing reports to evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

This grant award is for services outlined in the grantee’s application response to the request for proposal. Any changes to the level of service, budget line items, or timeline must be mutually agreed to and documented in writing before implementation.

Suggested Audit Procedure

- Review the grantee application to become familiar with the agreements and stipulations therein.
- Evaluate policies used to determine a need for change and procedures to request the change from the department.
- Test a selection of changes to the grant agreement ensuring that written approval is obtained prior to implementation of restricted changes.

Compliance Requirement

Funding for the Youth in Detention program is made up of Foundation Program funds, in addition to this grant award. It is required that Foundation

Program funds be exhausted before billing against the Youth in Detention grant.

Suggested Audit Procedures

- Review and evaluate policies and procedures which ensure that Foundation Program funds are exhausted before billing against the Youth in Detention grant; and
- Analyze the source and use of funds to determine compliance.

Modified 5/02

AmeriCorps Program
CFDA Number 94.006
Alaska State Community Service Commission
Department of Education & Early Development – Program 28

I. PROGRAM OBJECTIVE

Funds under this program are provided through the National and Community Service Act of 1990, as amended, through the Alaska State Community Service Commission. The objective of the program is to help engage Americans of all backgrounds as participants in community-based service that provides a direct and demonstrable benefit that is valued by the community and that would otherwise not be provided with existing funds or volunteers.

The grants under this program involve a pass through of federal funds. Consequently, the audit of the grantee should conform to federal single audit requirements.

II. PROGRAM PROCEDURES

Grants are awarded on an annual basis to grantees approved by the AmeriCorps Corporation for National Service.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

The grant agreements contain an approved budget for the expenditure of funds under the grant. All costs incurred should be in accordance with the approved budget.

Suggested Audit Procedures

- Review the grant agreement, test financial and related records to determine the purposes for which funds were expended.

Compliance Requirement

No more than 20% of a participant's required service hours may be spent in education, training or similar activities without specific written permission from the Corporation for National Service.

Suggested Audit Procedures

- Review grantee time accounting data for participants and expenditure and related records to verify that no more than 20% of a participant's service hours were spent in education, training or similar activities, unless a written exception is available.

Compliance Requirement

Grant funds may not be expended for any of the following prohibited activities:

1. Any effort to influence legislation;
2. Organizing protests, petitions, boycotts or strikes;
3. Assisting, promoting, or deterring union organizing;
4. Impairing existing contracts for services or collective bargaining agreements;
5. Engaging in partisan political activities, or other activities designed to influence the outcome of an election to any public office;
6. Engaging in religious instruction; or,
7. Providing a direct benefit to a business organized for profit, a labor union, a partisan political organization, a nonprofit organization that fails to comply with the restrictions contained in section 501(c)(3) of the Internal Revenue Code, or an organization engaged in religious activities.

Suggested Audit Procedures

- Review participants' contracts and evaluations and financial and related records to determine no funds were expended on prohibited activities.

Compliance Requirement

Participant activities may not include clerical work, research, or fund raising activities unless such are incidental to the participants direct service activities.

Suggested Audit Procedures

- Review participant files, job descriptions and other pertinent personnel records to verify clerical, research and fund raising activities are not undertaken by participants.

B. ELIGIBILITY

Compliance Requirements

The grantee may select only individuals who are eligible to enroll. Eligible individuals must meet the following criteria:

1. Be a U.S. citizen or national or a lawful permanent resident alien;

2. Be at least 17 years of age at the commencement of service (unless the individual is in a full time, year round summer youth corps, in which case he or she must be between the ages of 16 and 25, inclusive, or is in a program for economically disadvantaged youth, in which case he or she must be between the ages of 16 and 24, inclusive); and,
3. Have a high school diploma or an equivalency certificate, or agree to obtain a high school diploma or its equivalent prior to using the education award. The grantee may seek a waiver from the Corporation to enroll individuals whom the grantee determines, based upon an independent assessment, to be incapable of obtaining a high school diploma or its equivalent.

The grantee is responsible for: (1) establishing minimum qualifications that participants must meet in order to be selected for the program, (2) selecting participants that meet those qualifications and, (3) assigning participants to a project that is appropriate to their skill level. The grantee must select participants in a fair, non-partisan, non-political, and nondiscriminatory manner, without regard to the participant's need for reasonable accommodation or child care, without displacing paid employees, and in accordance with its approved application. The grantee is encouraged to select participants who possess leadership potential and a commitment to the goals of AmeriCorps.

Suggested Audit Procedures

- Review the grantee's procedures for determining applicant's eligibility for the program, and assess the adequacy of the system used by the grantee to verify this information.
- Select an adequate number of participant files and records to review and verify the eligibility of the individuals selected.

Compliance Requirement

Written parental or legal guardian consent to enroll is required for individuals under 18 years of age.

Suggested Audit Procedures

- Review selected participant files and records and verify any required parental or legal guardian consent has been obtained.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING

Compliance Requirement

The grant agreement specifies the amount of matching funds that the grantee must provide to the project.

Suggested Audit Procedures

- Review financial records and related information to verify that the required matching funds have been provided from non-federal sources.

D. REPORTING REQUIREMENTS

Compliance Requirement

The grant agreement specifies the types of grant reports required and the schedule for their submission.

Suggested Audit Procedures

- Review the grant agreement to ascertain the reporting requirements
- Obtain copies of reports and determine the completeness of the submission.
- Trace data in selected reports to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Full time participants must serve at least 1,700 hours during a period of not less than nine months and not more than one year. Part-time participants must serve at least 900 hours during a period of not more than two years. If the part-time participant is enrolled in an institution of higher education, the participant must serve at least 900 hours during a period of not more than three years. Summer participants serving in a full-time summer program that does not include a year-round component will be considered part time participants.

Suggested Audit Procedures

- Review selected participant files and records and verify that participants have been appropriately classified as full or part time. Verify that each of these participants has served at least the minimum required number of hours.

Compliance Requirement

The grantee must conduct at least a mid-term and end-of-term evaluation of each participant's performance, focusing on such factors as: (1) whether the participant has completed the required number of hours, (2) whether the participant has satisfactorily completed assignments; and, (3) whether the participant has met other performance criteria that were clearly communicated in writing at the beginning of the term of service.

Suggested Audit Procedures

- Select an appropriate number of participants and review the individual contracts to determine that: (1) assignments are appropriate for the program

and goals have been identified, (2) required service hours have been budgeted, (3) and the contract has been signed by the grantee and the participant.

- Review the grantee's files and other records and verify the required evaluations were completed. Assess the adequacy of the evaluation in accordance with the minimum program requirements specified above.

Compliance Requirement

The grantee may release participants for two reasons: (1) for compelling personal circumstances, and (2) for cause in accordance with 45 CFR 2522.230. The grant agreement provides additional information on the circumstances and procedures involved in releasing a participant from service.

Suggested Audit Procedures

- Review the grant agreement provisions. Review grantee and participant records along with other information gathered in the audit process and assess whether any participants were released from service. Determine whether the releases were done appropriately and according to the grant agreement.

Compliance Requirement

The grant agreements contain other, numerous requirements to which the grantee must adhere.

Suggested Audit Procedures

- Review the grant agreement provisions. Identify other compliance requirements and conduct appropriate audit tests to verify grantee compliance with the requirements.

Modified 5/00

Child Care Assistance Programs
Child Care and Development Fund CFDA Number 93.575
Department of Education & Early Development – Program 29

I. PROGRAM OBJECTIVES

The purpose of these programs is to provide child care benefits for families determined eligible under their respective program regulations while working, training, or seeking work.

The Child Care Development Block Grant, and Child Care and Development Fund programs include federal pass through moneys and the audits should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

Program funds are made available annually to eligible recipients through an allocation based on demonstrated need within specified geographical areas of the state.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

There are [four] **two** child care assistance programs administered concurrently within the department. **Either or both** [One or more] of the following programs may be involved in each of the grants.

- a) [Day Care Assistance Program (DCAP): Governed by AS 14.38.100-199 and 4 AAC 64 and 4 AAC 65. The DCAP is 100% State General Funds.
- b) Child Care Development Block Grant (CCDBG): Governed by DCAP regulations except where those regulations are inconsistent with 45 CFR 98 & 99 in which case federal regulations take precedence. The CCDBG is 100% federal funds. CFDA Number 93.575.]
- c) Child Care and Development Fund (CCDF), PASS II **and PASS III: Authorized** [Governed] by **State Statute AS 14.38.100-150 and State regulations 4 AAC 65** [DCAP regulations] except where those regulations[, created as an amendment to the CCDBG regulations,] are inconsistent with 45 CFR 98 & 99 (1996) and Section, “PASS II Provisions” (#900s) in the Child Care Programs Policy and Procedure Manual, in which case **the** [those] federal regulations take precedence. The CCDF is 100% federal funds[.] (CFDA Number 93.575) **although some sections of the CCDF funding require a**

state match and maintenance of effort. Each grant will identify the specific amount of federal and state funding.

- d) [Child Care and Development Fund (CCDF), PASS III: Governed by DCAP regulations except where those regulations, created as an amendment to the CCDBG regulations, are inconsistent with 45 CFR 98 & 99 (1996) and Section, “PASS III Provisions” (#900s) in the Child Care Programs Policy and Procedure Manual, in which case those federal regulations take precedence. The CCDF is 100% federal funds. CFDA Number 93.575]

A. TYPES OF SERVICES ALLOWED

Compliance Requirements

Program funds may only be used for subsidy payments on behalf of eligible parents during participation in allowable activities in licensed, federally approved child care [providers] **facilities** (DCAP only) and also in legally exempt child care facilities for the federally funded programs. For the [CCDBG and]CCDF PASS programs, child care providers must be **“approved”** by [registered] with] the state. **Approved** [Registered] means that they [certify with one witness that they] meet the Mandatory Minimum Health and Safety **Requirements** [Standards] and have submitted **an ‘approved provider’ application packet that has been reviewed and approved** [registration form initialed] by the Local **Child Care** Administrator.

The amount which may be paid for subsidy is based upon the family's monthly adjusted net income and a maximum subsidy amount per month. The income and subsidy schedules are available through the department.

Administrative expenses [for DCAP and CCDBG,] and program support funds for CCDF PASS programs are limited by the grant agreement in effect at the time.

Suggested Audit Procedures

- Test financial and related records and determine the purposes for which funds were expended.
- Test for separate funding source accounting in compliance with federal requirements.
- Verify administrative expenditures were within the terms of the grant agreement in effect at the time.

B. ELIGIBILITY

Compliance Requirements

The grantee shall review the family's eligibility and level of program participation no less than once every **six** [four] months. 4 AAC 65.091

A family determined to be ineligible under the provisions of 4 AAC 65.281 shall be terminated from receipt of program services.

A family determined ineligible for assistance shall be provided with a copy of the documentation of ineligibility. 4 AAC 65.091

Suggested Audit Procedures

- Review and assess the grantee's procedures for adequately verifying the eligibility of applicants.
- Review selected case files and verify that eligibility determinations were appropriate.
- Review and assess the grantee's procedures for periodically determining continued eligibility and level of participation.
- Review and assess the grantee's procedures for terminating services to clients determined to be ineligible under 4 AAC 65.281.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There **is** [are] no matching, level of effort, or earmarking requirement[s] at the grantee level.

D. REPORTING REQUIREMENTS

Compliance Requirements

A child care provider shall submit monthly billings to the grantee in its geographical area. 4 AAC 65.251

A grantee shall submit periodic reports to the division as specified in the grant agreement. 4 AAC 65.121

Suggested Audit Procedures

- Examine copies of reports and determine completeness and timeliness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

If a grantee determines that the grant award is insufficient to serve new families or if there are insufficient providers in the community, the grantee shall place the family's name on a waiting list. (4 AAC 65.111) PASS II is considered an entitlement program so no waiting list may exist.

The grantee shall offer child care assistance, when it becomes available, to families on the waiting list in order of the criteria specified in 4 AAC 65.111(c).

Suggested Audit Procedure

- Review and assess the grantee's procedures for ensuring timely assistance to families on the waiting list.

Compliance Requirement

The grantee shall establish and maintain a file for each eligible family. The **grantee must document the eligibility criteria such as income, age, familial relationships, etc., have been verified from sources such as partner agency records, employer contact, hard copy documentation, or electronic records.** [file shall include, but is not limited to the following: (1) copies of birth certificates of dependent children; (2) copies of divorce decrees and modifications to divorce decrees; (3) statements of guardianship of the children in the family, separation, and non-support of the children in the family; (4) income records; (5) the parent's work or training schedule, and the applicant's employer or school; (6) classes and schedules for educational or training programs; and, (7) other documents the grantee determines appropriate.]

Suggested Audit Procedure

- Review selected client files and **confirm required criteria are being verified.** [verify required documents are being maintained.]

Compliance Requirement

A rate charged by a provider to parents participating in the **Child Care Assistance program** [DCAP] may not be higher than the rate charged to other families for the same service. 4 AAC 65.191

Suggested Audit Procedure

- Review and assess the grantee's procedures for verifying the comparability of fees charged to eligible families.

Modified 5/02

Child Care Grant Program

Department of Education & Early Development Program 30

I. PROGRAM OBJECTIVES

The purpose of the program is to provide state assistance in the operation of child care facilities. Child care facilities must meet the eligibility and participation requirements of AS 14.38.160 and 4 AAC64.020 – 4 AAC64.030 to be eligible for a grant.

II. PROGRAM PROCEDURES

Monthly grant payments are made to eligible child care facilities on the basis of the average daily full-time equivalents of children in care in the facility for the previous month based on provider reports. Payment requests must be complete and correct, and submitted by the last day of the month following the reporting month.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

Compliance requirements are based on regulations 4 AAC 64.010 to 4 AAC 64.990 and AS 14.38.160. To qualify for a child care assistance grant; the provider must participate in the day care assistance program under AS 14.38.100 – 14.38.199.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

Grants are to be used for the operation of a child care facility as defined in 4 AAC 64.050(a).

Suggested Audit Procedure

- Test financial and related records and determine the purposes for which funds were expended. Verify the expenditures are necessary to operate the facility and meet the criteria in the regulations.

B. ELIGIBILITY

Compliance Requirements

Requirements for participation in the grant program are outlined in AS 14.38.160(b).

Suggested Audit Procedures

- Verify that the provider has a current child care facility license and business license issued by the state.
- Review the requirements for participation in the day care program under AS 14.38.100 – 14.38.199.
- Determine that the provider is meeting all the requirements of the day care program.
- Review attendance records and parental eligibility to determine that the provider is meeting the requirement for AS 14.38.160(g) to have 15% or one space (**whichever is greater**) available for care on an attendance only basis.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirements

To receive grant payments, an eligible child care facility must submit an annual application and monthly billing reports.

Payments may not be made for the biological, adopted, step or foster child of the owner or operator of the facility.

Suggested Audit Procedures

- Obtain copies of reports and assess the completeness of the submission.
- Compare attendance records to monthly reports. Determine that:
 - a) each child billed did attend
 - b) hours billed were correct
 - c) no child billed had a prohibitive relation to the provider.
- Verify that reports were submitted timely.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

In addition to the grants for child care facility operations, the department may provide a grant or contract under AS 14.38.160(d) for the education and training of child care employees or administrators. To receive this grant the provider must meet all the requirements of AS 14.38.160(b).

Suggested Audit Procedures

- Determine if the provider has received a grant or contract under AS 14.38.160(d).

- Apply tests to determine the eligibility of the provider.
- Test financial and related records and determine the purposes for which funds were expended. Verify the expenditures are made in accordance with the grant agreement or contract.

Modified 5/02

Child Care Resource & Referral (R & R)
Child Care and Development Fund CFDA Number 93.575
Department of Education & Early Development – Program 31

PARENT R & R COMPONENT

I. PROGRAM OBJECTIVES

The purposes of this grant program, administered by the Division of Early Development, are to provide child care resource and referral services to eligible parents and to make information regarding child care supply and demand available to local and state governments and to other requesters.

This program involves a combination of state and federal pass through money. The audit needs to meet federal audit requirements when applicable. The auditor should review the grant agreement for information on the amount of federal pass through funds in a specific grant.

II. PROGRAM PROCEDURES

Child care resource and referral grantees administer required local, and may administer optional regional, R&R programs. They maintain current information about child care provider rates and conditions of care, including facility location, children's ages accepted, vacancies, and special provisions for care. This information [, and counseling] about choice of quality care is provided to eligible parents seeking child care services. Summary information about parent needs for care, and type and quality of available care, is available to local and state governments and advocacy organizations for community and statewide socioeconomic planning and projections.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

An annual grant agreement [and policy and procedure manual] governs program administration and services. The suggested audit procedures below should be performed in accordance with the specific provisions of the grant agreement in effect for a particular year. The auditors should contact the Department for the most current and updated information on policy guidance and grant requirements.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

The grant agreement specifies the allowable services including:

1. A method of public input into R&R policies, and documented referral and discontinuation of referral policies;

2. Free R&R service to eligible parents receiving child care subsidy through the Department of Education and Early Development or the Department of Health and Social Services, and other parents determined economically eligible for child care subsidy;
3. Free listing of child care providers included in the resource file, including exempt child care givers holding a valid business license of which proof is maintained by the grantees;
4. Maintaining confidentiality of parent eligibility information;
5. Advertising services to the public;
6. Recruiting new caregivers.
- 7. Training for providers.**

A grantee's detailed budget and narrative specifies approved expenditures in a particular grant year. Funds must be spent only to support the services and activities detailed in the grant agreement, Attachment C, and in the grantee's approved budget for a particular grant year, unless modified by division approved grant or plan amendments. The services above are critical compliance elements.

A grantee must retain sufficient documentation to justify compliance with grant agreement provisions for reasonable, necessary and directly charged costs, in accordance with OMB Circular A-122. Unless a grantee has a federally approved indirect cost rate, it must directly charge costs to the grant.

Suggested Audit Procedures

- Review the grant agreement and policy and procedure manual, and any executed amendments in effect for the relevant time period including letters in the grant file from the division that clarify the grant agreement.
- Determine whether accounting records provide for identification, classification, and recording of expenditures and revenue by each funding source and for each grant budget line item.
- Verify that expenditures were in accordance with grant terms and conditions and were for allowable costs. Especially note that there should be no program income from eligible clients. While charges to Social Security Act, Title IV-A funds may include necessary basic costs, client fees should fully support R&R service to clients ineligible under the grant. Check sources of income for client services. Check that a grantee has established a fee for service or collects other revenues sufficiently to support costs of service to non-grant clients.

B. ELIGIBILITY

Compliance Requirements

Services are available to all eligible clients as described below.

1. Parents participating in the Department of Education and Early Development's Child Care Assistance programs;
2. Parents receiving child care assistance from the Department of Health and **Social** [Human] Services; and
3. Parents determined economically eligible for Education and Early Development's Child Care Assistance programs by guidelines provided to grantees.
4. Grantees must have a fee schedule for R&R services to parents not eligible for free services under the grant.

Suggested Audit Procedures

- Test client eligibility.
- Review and assess for sufficiency, procedures for advertisement, billing, collection of fees for service, and recording of payments for grant ineligible clients.
- Verify that no grant funds paid costs for services to ineligible clients.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING

There are no matching, level of effort, and/or earmarking requirements for this grant program to which the grantees must adhere.

D. REPORTING REQUIREMENTS

Compliance Requirements

Quarterly payment [monthly payment] is contingent upon complete, accurate and timely [monthly] program and fiscal report submission to the division by a grantee. Timely report submission is considered the 20th of the **month following the quarter**. [following month, however, the division has accepted late reports for payment without consequences to a grantee up to two months in arrears of the due date.]

Suggested Audit Procedures

- Evaluate the timeliness of report submission.
- Evaluate the completeness of the reports based upon approved grant service activities.
- Evaluate that no activities other than allowable and approved grant activities were charged to the grant for the reporting periods reviewed.
- Evaluate the accuracy of reports by tracing and linking data on the reports to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

A grantee must establish the cost for service, bill clients, and collect fees or otherwise fund payment for R&R service to clients who are not eligible for free service under the grant program. There should be no program income.

Suggested Audit Procedures

- Evaluate the solicitation, collection, handling and use of fees for services.
- Verify there is no program income.
- Review documentation of fees for service by receipts and expenditures.

Modified 5/02

**Child Care Resource Development
Child Care and Development Fund CFDA 93.575
Department of Education & Early Development – Program 32**

CHILD CAREGIVER COMPONENT

I. PROGRAM OBJECTIVES

The purpose of this grant program component for child caregivers is to provide education and training to eligible child care employees or administrators in accordance with AS 14.38.160, with 45 CFR 98.51, and with the current State Plan for the Child Care and Development Fund. Specific conditions are included in the Resource and Referral grant agreements.

This program involves a combination of state and federal pass through money. The audit may need to meet federal audit requirements, if applicable. The auditor should review the grant agreement for information on the amount of federal pass through funds in a specific grant.

II. PROGRAM PROCEDURES

Child care resource and referral grantees administer the child caregivers component. They annually survey eligible statewide provider training needs, arrange for or conduct training, provide training materials, reimburse appropriate training, and inform eligible providers about training opportunities.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

An annual grant agreement and policy and procedure manual govern program administration and services. The suggested audit procedures below should be performed in accordance with the specific provisions of the grant agreement in effect for a particular year. The auditors should contact the Department for the most current information on policy guidance and grant requirements.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

The grant agreement, Attachment C, specifies allowable services, including:

1. determination of training needs through a regional survey of eligible care givers;

2. eligible training topics of early childhood development, including children's health and safety, training required for the maintenance of a child care facility licenses, or administration of a child care facility;
3. free training, or training at reduced cost (minimal registration/commitment fee) for eligible care givers and child care facility administrators;
4. reimbursement to eligible care givers for training in allowable subjects;
5. regional library services for eligible care givers; and,
6. periodic family information mailed to eligible caregivers.

Activities and subjects are allowable across both funding sources, except that the following activities may be paid only from state funds for care givers and administrators eligible under AS 14.38.160 (d): individual reimbursements (IRF payments), and travel grants.

Note: For activities and subjects allowable under both funding sources, caregiver eligibility varies as a result of the funds paying for that activity (see Eligibility).

A grantee's budget and narrative specifies approved expenditures for a particular grant year. Funds may be spent only to support the services and activities detailed in the grant agreement and policy and procedures manual for a particular grant year, unless modified by division approved grant amendments.

The services above are critical compliance elements. Particularly note that planning and coordination activities are not included and are allowable only to the extent that they result in service under the grant in the current grant year, to eligible caregivers and facility administrators.

A grantee must retain sufficient documentation to justify compliance with the grant agreement, Attachment A, requirements for reasonable, necessary, and directly charged costs, in accordance with OMB Circular A-122. Unless a grantee has a federally approved indirect cost rate, it must directly charge costs to the funding source under which a client is eligible (see Eligibility below).

Suggested Audit Procedures

- Review the grant agreement and policy and procedure manual, and any executed amendments in effect for the relevant time period. Include letters in the grant file from the division that clarify the grant agreement.
- Determine [whether] **that** accounting records provide for identification, classification, and recording of expenditures and revenues by each funding source and for each grant budget line item.

- Verify that expenditures were in accordance with grant terms and conditions and were for allowable costs. Especially note that while there may be minimal registration/commitment fees for training activities and minimal membership/damage deposit library fees that pay for costs otherwise chargeable to the grant, there should be no program income from eligible clients.
- Grant funds should only support training and related costs for participants eligible under the grant. Other funding sources, including fees that reflect the proportionate cost of training, should fully support inclusion of ineligible participants in training activities funded under the grant. Check sources of income for training activities. Check that a grantee has established a fee for service or collects other revenues sufficient[ly] to support costs of service to non-grant participants.
- Check financial records of conference support to verify no program income accrued to a grantee or to a jointly sponsoring agency or organization. Appropriate supporting documentation includes validation of participant eligibility, total revenues and expenses, specific allowable costs that were paid by grant funds, and the funding source (which dictates eligibility/ineligibility).

B. ELIGIBILITY

[Allowable Services are available to eligible caregivers and child care facility administrators, except that individual reimbursements and travel grants may be paid only to individuals eligible for training under AS 14.38.160 (d) , from state general funds].

Funding sources and related eligible participant groups [under the grant are]:

- [State general funds (100%): only care givers and child care facility administrators with a state or municipal child care license under AS 47.35.020 and who participate in the Child Care Assistance programs are eligible under AS 14.38.160 (d).] **Child care providers with a state or municipal child care license under AS 14.37 and who participate in the Child Care Assistance programs are eligible under AS 14.38.160(d).**
- Child Care and Development Fund ([100%] federal **funding source requiring a state match in some categories**):the care givers specified above, and child care givers exempt from state licensing as specified in AS **14.37.030** [47.35.020], and as further defined in 45 CFR 98.2(g), who hold appropriate valid Alaska business licenses.

Suggested Audit Procedures

- Review procedures for advertisement, billing, collection of fees for service, and recording of payments for non-grant clients.

- Verify that non-grant funds fully paid proportionate costs for services to non-grant clients.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING

Refer to current CCDF (Child Care Development fund) plan. Some categories of federal funding within this program contain [There are no] matching, level of effort and/or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirements

Monthly payment is contingent upon complete, accurate, and timely monthly program and fiscal **reports submitted** [submission] to the division by a grantee. Timely report submission is considered the 20th of the following month, however, the division has accepted late reports for payment without consequence to a grantee up to two months in arrears of the due date.

Suggested Audit Procedures

- Evaluate the timeliness of report submission.
- Evaluate the completeness of the reports based on approved grant service activities.
- Verify that only allowable and approved grant activities were charged to each funding source for the reporting periods reviewed.
- Verify that costs for only those participants eligible under a particular funding source were paid by that funding source.
- Evaluate the accuracy of reports by tracing data on the reports to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

Fees for Service. A grantee must establish the cost for service and collect fees or otherwise pay for RD service to participants not eligible for free or reduced fee grant service.

Program Income. Fees collected from eligible participants for training or library activities under the grant must pay related costs. There should be no program income.

Suggested Audit Procedures

- Evaluate the solicitation, collection, handling, and use of fees for services.
- Verify there is no program income.
- Review documentation of fees for service by receipts and expenditures.

Modified 5/02

State Head Start Program

Department of Education & Early Development – Program 33

I. PROGRAM OBJECTIVES

The purpose of the state Head Start program is to assist local Head Start contractors in meeting the twenty percent local match requirement of federal Head Start grants; to address poverty of access; to provide financial assistance for providing direct services for Head Start families and children; to provide financial assistance in training; and to provide technical assistance in training and monitoring to the Head Start programs.

II. PROGRAM PROCEDURES

By June 1 of each year, eligible organizations submit applications specifying the services to be provided and amount of funds requested. Funds are allocated through a competitive grant process.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

Federal regulations related to Head Start are currently used by the state for compliance. Any exception to federal regulations for the state program is clearly stated in the individual grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

Allowable services include health, medical (dental, nutrition and mental health), education, social services, parent involvement, use of volunteers, career development for teachers, non-professional aides, and other staff members, needs assessment, health safety, faculty upgrade, and monitoring. PL 97-35, Title VI, Subchapter B; 45 CFR 1304 (b)-(E)

Allowability of costs for state funds is subject to the specific limitations and exclusions set forth in federal regulations or the federal grant award and the state contract. Fed. Reg. Title 45, Part 74, Subpart H, June 9, 1981; State Policies and Procedures, Part H.

Suggested Audit Procedure

- Test financial and related records and determine the purposes for which funds were expended.

B. ELIGIBILITY

Compliance Requirement

Enrollment and attendance level must adhere to the levels specified in the Notice of Financial Assistance Award. HHS Enrollment and Attendance Policies in Head Start, Federal Register, Vol. 44, No. 214, pp. 63478 - 63481

Suggested Audit Procedures

- Review Notice of Financial Assistance Award.
- Examine enrollment and attendance records and compare enrollment to levels in the award.

Compliance Requirements

At least ninety percent of the enrollees must come from families whose income is below the official federal poverty guidelines or who are receiving public assistance, unless the community meets the remoteness (poverty of access) provision. 45 CFR 1305.4 and 1305.2(b)(2) **or is a Region XI grantee where fifty-one percent must come from families whose income meets the official poverty guidelines. 42 USC 9840 (d)(1)(C)**

The enrollment will consist of children prenatal through the age of five and their families unless the grant award provides otherwise. 45 CFR 1305.3

Suggested Audit Procedures

- Review the system used to determine eligibility and evaluate for adequacy.
- Review selected participant and applicant files and determine adherence to the prescribed system.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The state program is designed to provide a state share for at least twenty percent of the Head Start program. The federal and state awards will detail the specific amounts of the state and federal money and will identify any matching or in-kind contributions to be made by the grantee. Where state general fund money is not available at the 20% level, the grantee must generate the balance with in-kind services, cash contributions, or other support from the community.

Suggested Audit Procedures

- Review federal, state, and other funding sources
- Determine that the 20% state contribution is being met by the state and local funds and in-kind

D. REPORTING REQUIREMENTS

Compliance Requirement

All contracts will provide for monthly or quarterly billings, to be submitted by the contractor within 15 days of the end of each month or quarter. State Policies and Procedures, Part G

Suggested Audit Procedures

- Review the contract, examine copies of reports and determine the completeness and timeliness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

There must be evidence of compliance with Head Start performance standards. 45 CFR 1304.2-3

Suggested Audit Procedure

- Determine whether there is a program improvement document that addresses any compliance issues identified in an on-site review and/or federal on-site monitoring report.

Modified 5/02